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British Virgin Islands

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I. Background information

1. The British Virgin Islands[1] are located about 60 miles east of Puerto Rico and 15 miles from the United States Virgin Islands. The Territory comprises a group of 50 islands that form an archipelago with the United States Virgin Islands. Twenty of the islands are inhabited. The capital city, Road Town, is located on the largest island, Tortola. The other major islands are Virgin Gorda, Anegada and Jost Van Dyke.

2. The earliest inhabitants of the British Virgin Islands were the Arawaks and the Caribs. The islands were sighted in 1492 by Christopher Columbus. The Dutch established the first permanent European community on the islands in 1648. In 1666, British planters took control of the islands and the Territory attained the status of a British colony. The planters were granted civil government, constitutional courts, an elected House of Assembly and a partly nominated Legislative Council, which first met in 1772. In 1872, the islands became part of the Federation of the Leeward Islands. In the 1930s and 1940s, British Virgin Islanders demanded greater self-governance, which led to the Territory becoming a separately administered colony in 1956.

3. According to the information provided by the administering Power, the 2001 census recorded 20,647 residents, which represents an increase of 1.92 per cent since 1991. The population density reached 135 persons per square kilometre. The main island, Tortola, which accounts for 36 per cent of the land, is where most economic activities are conducted and where 80 per cent of the population is concentrated, with a density of 304 persons per square kilometre. Approximately 83 per cent of the Islanders are of African descent, the remainder being of European or other origin. Immigration accounted for 45.4 per cent of the population growth between 1991 and 2001.

II. Constitutional, political and legal issues

4. The British Virgin Islands is a Non-Self-Governing Territory (British Overseas Territory) under the administration of the United Kingdom of Great Britain and Northern Ireland. The Constitution, formulated with local input, was adopted in 1967 and amended in 1976. The administering Power appoints a Governor with responsibilities for defence, internal security, external affairs, public service and the administration of the courts; the Governor retains legislative powers as necessary to exercise special responsibilities. The Executive Council consists of the Chief Minister (appointed by the Governor from among the elected members of the Legislative Council) who has responsibility for finance, three ministers (appointed by the Governor on the advice of the Chief Minister) and one ex officio member (the Attorney-General). The Governor is the Chairman of the Executive Council and must consult with it in the exercise of his duties. The Legislative Council consists of a Speaker, the Attorney-General as an ex officio member and 13 elected members (9 members from one-member electoral districts and 4 members representing the Territory at large).

5. There are four political parties in the British Virgin Islands: the Virgin Islands Party (VIP); the United Party (UP); the Concerned Citizens' Movement (CCM), which was founded in 1994 as a successor to the Independent People's Movement;

and the National Democratic Party (NDP), founded in 1998.[2] General elections must be held at least once every four years. Candidates are elected based on a simple majority. Persons voting must be 18 years of age or over and have "belonger status".

6. In the general election held on 16 June 2003, the National Democratic Party won 8 of the 13 seats on the Legislative Council and subsequently formed the Government. After 17 years in office, the Virgin Islands Party lost power and now forms the opposition. Voter turnout was 72 per cent, 10 to 12 per cent above the previous election. Calls of the defeated VIP members to recount votes in some of the districts were dismissed by the Attorney-General and the High Court.[3]

7. The new Chief Minister is Dr. Orlando Smith. In announcing his new cabinet, the Chief Minister retained the bulk of ministerial portfolios, including Tourism, Social Security, Internal Planning, Immigration, Regional Affairs and Consumer Affairs. At the same time, he departed from the tradition of holding responsibility for the Ministry of Finance and gave that portfolio to his deputy. In a historic move in July 2003, the Legislative Council appointed the Territory's first female Speaker.[4]

8. The Governor of the British Virgin Islands, Thomas T. Macan, took office in October 2002. In his Throne speech in July 2003, the Governor stated that the Government would focus on six broad areas: a stronger economy, better health care and improved social services, good governance, world-class education, sustaining the natural resources, and improving communications and infrastructure.

9. The Government would seek to develop the economy beyond the twin pillars of tourism and financial services, while strengthening those areas. Plans were also announced to relaunch a delayed hospital project, develop a national health insurance scheme, combat corruption and inefficiency in the public sector, liberalize telecommunication services, complete the airport runway project and review plans for the improvement of the Virgin Gorda Airport, as well as develop modern port facilities. In August 2003, the Government announced that it had stopped some of the projects started by the previous administration and redirected the funds to higher priority projects.[5]

10. According to the administering Power, the Complaints Commissioner Act was passed in 2003, thus providing the legal and operational framework for the establishment of the Complaints Commissioner's office. This Act followed the 2000 amendment to the British Virgin Island's Constitution envisaging the creation of such an office in the Territory, which will be open for consumers of all public services. The office is expected to act independently and objectively.

11. The law of the British Virgin Islands is the common law of England and locally enacted legislation. Justice is administered by the Eastern Caribbean Supreme Court, based in Saint Lucia, which consists of two divisions: the High Court of Justice and the Court of Appeal. There are two resident High Court Judges, and a visiting Court of Appeal, which comprises the Chief Justice and two judges of appeal and sits twice a year in the Territory. There is also a Magistrate's Court, which hears prescribed civil and criminal cases, a Juvenile Court and a Court of Summary Jurisdiction. The United Kingdom Privy Council is the final court of appeal.

12. In 2001, the Government established a permanent Law Reform Commission aimed at the systematic development and reform of the Territory's laws in order to keep them in line with emerging trends in local and international legal fields. The

Commission submits annual reports to the Legislative Council. In January 2003, the Commission outlined seven priority subject areas for the law reform, including laws related to juvenile sentencing and alternative punishment, education, public service, criminal procedure, freedom of information, arbitration and mediation and the environment.[6]

13. In September 2003, the new National Democratic Party (NDP) Government revoked the controversial "Rasta Law" that prohibited persons known as "Rastafarians" and "hippies" from entering the Territory without receiving prior special permission.[7]

14. Following a highly publicized corruption trial (see paras. 55 and 56) and in keeping with its campaign promises, the newly elected Government declared its commitment to "open governance" and its intention to table an integrity bill to regulate the conduct and accountability of the civil servants. In September 2003, the Chief Minister confirmed that such legislation would be passed in early 2004.[8]

15. In October 2003, the Legislative Council approved four bills, namely: the Virgin Islands Special Trust Act; the Trustee (Amendment) Act; the Property (Miscellaneous Provisions) Act; and the Audit Act. According to the Chief Minister, the new bills would enhance the reputation of the Territory as a quality financial centre.

16. As was reported in the previous years (A/AC.109/1999/1 and Corr.1, annex; A/AC.109/1999/9, para. 28; and A/AC.109/2003/5, para. 12), the White Paper on the relationship between the United Kingdom and its Overseas Territories, entitled "Partnership for progress and prosperity: Britain and the Overseas Territories", was issued in 1999. The British Overseas Territories Act 2002 (see A/AC.109/2002/2/Add.1) granted the right of full British citizenship to all inhabitants of the Overseas Territories and formally abolished the term "colony". During the 12-month period granted for the application for British citizenship, more than 2,000 British Virgin Islanders received United Kingdom passports.

III. Budget

17. The 2003 budget was presented in March, three months late, and was passed by the Legislative Council in April. According to the Economist Intelligence Unit, Government revenue in 2002 was $22 million below target, owing to the weak performance of the tourism and financial (offshore) sectors. At the same time, spending exceeded budget projections, totalling $223 million, with current spending of $150 million and capital spending of $73 million. This led to a $42 million overall deficit. Of capital spending, $43 million was covered by the 2002 budget, and $30 million by supplementary appropriations. The Virgin Islands Party Government drew heavily on the reserves during the course of the year. The then opposition National Democratic Party claimed that the reserves fell by around $30 million to the level of $29 million. Public debt at the beginning of 2003 was $90.4 million, which is considered manageable.[9]

18. As was mentioned earlier, with the coming to power of the National Democratic Party in June 2003, the duties of the Chief Minister and the Finance Minister were separated (see para. 7 above). In presenting a $198.4 million budget for 2004 to the Legislative Assembly in December 2003, the Finance Minister

emphasized that all financial dealings would be conducted in accordance with internationally accepted standards. With respect to the fiscal situation for 2003, the Minister pointed out that revenue collection had been less than anticipated across all sectors. Despite that shortfall, it was estimated that in 2003 revenue would be $180.6 million and expenditure would be $174.9 million with a provisional surplus of $5.7 million.

19. Budget expenditures for 2004 to cover recurrent operations are estimated at $186,562,500 with a recurrent surplus of $11,880,500. Of that surplus, $9,586,700 will be contributed to the Capital Fund to assist financing of the capital budget. The capital budget of $16,837,700 anticipates new borrowing of $7,251,000 from the Caribbean Development Bank and $9,586,700 from local revenue. The Minister also announced that an initial contribution of $1,193,800 would be made to the Reserve Fund, which would be built systematically during the next three years to serve as a cushion or temporary safety net in the event of adverse shocks to the economy. A contribution of $1 million would be made to the Emergency/Disaster Fund, $47 million would go to education and training at all levels, $37.3 million would be assigned for health and welfare, $85 million for various social issues, $10 million for the Tourist Board and $1 million for youth development.

20. The Territories' debt-servicing obligations of $4.95 million for 2004 constitute 2.49 per cent of estimated revenue, up 27.3 per cent from $3.9 million in 2003 (see also para. 24).[10]

IV. Economy

A. General

21. The economy is based on tourism and offshore financial services, which account for 75 per cent of the Government's recurrent revenue.

22. According to the administering Power, the Territory's principal trading partners are the United States of America, Puerto Rico, countries members of the Caribbean Community (CARICOM) and the United Kingdom. Imports consisted mostly of food, machinery and fuel.

23. The new Chief Minister has stated that his Government was elected on the understanding that it would bring new focus and energy to managing and growing the economy. He has undertaken visits by himself and representatives of the public and private sectors to Europe, the United States and other key markets to open a dialogue with the business community in order to find ways to create the necessary conditions for dynamic growth. The important objective was to ensure higher quality of education for all age groups, expanded access to health care for families, a more reliable infrastructure, and programmes designated to protect natural resources. According to the Chief Minister, developing this programme involved difficult decisions and coordinated effort of the entire Government.

24. Reporting to the Legislative Council on the discussions held at the Fifth Overseas Territories Consultative Council meeting in London in December 2003, the Chief Minister paid particular attention to the issue of contingent capabilities of the United Kingdom Government for the Overseas Territories, which came to light in connection with the Borrowing Guidelines and Private Finance Initiatives (PFI).

According to the Chief Minister, the United Kingdom limits the outstanding debt to no more than 80 per cent of revenue and insists that a minimum of 90 days' operating expenditure be kept in reserve. The United Kingdom also expresses concern over PFIs and "off the books financing", which bypasses the need for United Kingdom approval for borrowing to finance large capital projects. The Minister maintained that it was made clear to him that the United Kingdom would not be a guarantor for loan arrangements signed by the territorial Governments, neither was it responsible legally, should the countries default.[11]

B. Agriculture and fisheries

25. Agriculture contributes 1.5 per cent of the gross domestic product (GDP) and engages 1.9 per cent of the population in paid employment. There are serious obstacles to developing the agricultural sector, such as a shortage of labour, water and marketing facilities.

26. According to the administering Power, in an effort to strengthen the agricultural sector of the economy, the Government provides training and assistance to farmers, backyard gardeners and the general public in all aspects of improved production technology through on-farm demonstrations of crop and livestock production and management systems. In order to ensure a future supply of farmers for the Territory, young people are introduced into agriculture through a school garden programme. The Department of Agriculture also assists farmers with the marketing of their crop and livestock products by making the arrangements with supermarkets, restaurants and other buyers; it also helps with sorting, grading and transportation of the produce. In addition, the Government promotes the production of tropical fruits and vegetables in an effort to reduce the importation of those products. The Department of Agriculture runs the demonstration plots, and the nursery propagates vegetable seedlings and fruit tree plants for sale to farmers. Farm input supplies such as irrigation equipment, fencing materials and seeds are also procured for sale to farmers at subsidized prices. The Government tries to protect the agricultural crops from damage by pests and diseases. It provides a quarantine service at the ports of entry and inspects incoming agricultural products for infestation. Similarly, products for export are inspected to ensure that they are free of infestation prior to the issue of a phyto-sanitary certificate. Farmers are taught how to recognize and manage pests and diseases on their farms. In addition, a limited spray service is offered to farmers by the staff of the Department.

27. The fishing industry contributed 1.3 per cent to the Territory's GDP. The budget for the Department of Conservation and Fisheries in 2003 was $1,271,700 compared to $1,236,500 in 2002.

28. According to the administering Power, the British Virgin Islands have an exclusive economic zone covering 32,443 square miles (84,050 square kilometres) of the seabed floor. Of this, 3,026 square miles (10,393 square kilometres) are a shallow sea platform less than 200 feet (93 metres) below the surface where traditional commercial fishery occurs, consisting mostly of reef fishing using fishpots. Seasonal seine-net fishing is also done along the shallow shelf. The larger deep-sea fishing area (about 28,000 square miles) is home to the migrating pelagian fish species, including tuna, marlin and swordfish.

29. In August 2003, the new Fisheries Regulations entered into force, providing the legal instrument that will facilitate the proper management and the development of the Territory's fishing industry. In September, a delegation from the United States Virgin Islands visited the Territory to discuss its concerns about the access to British Virgin Islands fishing grounds by United States Virgin Islands sport and pleasure fishermen. Issues included new regulations, licensing and registration procedures, and customs clearance for fishing vessels.

C. Tourism

30. A rich vegetation, unspoiled beaches, yachting marinas and fine coral reefs make the islands a natural tourist destination, and tourism continues to be the most important economic sector for the Territory. Unlike the international financial services, tourism is an important source of employment and revenue, and contributes to a host of other sectors, such as the construction and retail sales sectors.

31. According to the Economist Intelligence Unit, the tourist industry of the Territory that is geared towards the upper end of the market has stood up well to the international downturn of 2001-2003. However, air arrivals in the first half of 2002 were 11 per cent below the 2001 total, reflecting a reduction of stopover tourism. At the same time, sea arrivals increased by 9.5 per cent and made up 77 per cent of the total.[12]

32. The Territory's Tourist Board continued efforts to develop the existing and new markets. At the meeting of the representatives of its overseas agencies (Tourism Global Marketing Forum), it was reported that for the North American market, new direct marketing brochures and sales materials were introduced. Several press trips to the Territory, participation in international exhibitions and shows, and an active public relations campaign will be used to capitalize on the growth of the North American economy. The European countries, including the United Kingdom, Ireland, the Netherlands, Belgium, France and Scandinavia, represent the largest portion of the Territory's market, bringing 16,000 tourists a year. European visitors on average stay twice as long as North American tourists. The Tourist Board plans to improve the British Virgin Islands as a desirable destination by making the beaches more accessible, introducing more heritage programmes, and by better managing the cruise tourism subsector.

33. Addressing the Tourism Global Marketing Forum, the Chief Minister stated that the Government would protect and develop the tourist sector first and foremost by protecting the natural beauty of the local environment, but also by developing competitive tourist products to satisfy the growing demands of the market. The Government intends to institute and enforce the service standards and licensing across the tourist sector starting with the cruise tourism branch. This will involve training programmes that will be developed in cooperation with the Chamber of Commerce and the Hotel Association. The Government intends to exploit information as a management tool. For this purpose, it will implement a National Tourist Statistical System to be able to monitor on a weekly basis all the parameters of the industry. Another initiative of the Government, marketed as Hidden Secrets of the British Virgin Islands, is to strengthen the small properties sector, which is the foundation of the economy. The Government will also intensify its public awareness campaign for cleaning up the Territory. The Solid Waste Department and other

relevant departments will be responsible for management in this area. The Government also plans to establish a ferry service between individual islands.[13]

D. Finance

34. As has been described in previous working papers (see A/AC.109/2001/8, A/AC.109/2002/9 and A/AC.109/2003/5), the provision of international financial services is one of the two pillars (along with tourism) of the British Virgin Islands economy. Fees from these services alone bring in more than half of the Government's revenue. The British Virgin Islands was one of the first Territories to adopt legislation (in the mid-1980s) allowing registration of international business companies and continues to claim about 45 per cent of the world's market. The British Virgin Islands does not tax the assets of the companies, ensures their privacy and has a well-educated population that enhances the quality of the services and regulation provided.

35. During the period under review, the financial sector continued to grow. There are more than 350,000 registered international business companies in the Territory. In 2002, 51,461 new international business companies were registered. According to the existing local laws, the companies are not taxed and are not obliged to disclose the identities of their directors or shareholders. In the mutual fund segment, the Territory continues to be one of the most attractive jurisdictions. By the end of 2002, 331 new certificates had been issued, bringing the total number of companies to 2,677. In addition, 99 management and administrative licences were granted, bringing the total number to 511. In an ongoing effort to attract more insurance and trust companies to the Territory, 50 new insurance companies were incorporated in the Territory in 2002, bringing the total to 282.

E. Transport and communications

36. According to the administering Power, the British Virgin Islands have 165 roads, of which 148 (163 kilometres) are paved. There are three international airports in the British Virgin Islands. Fifteen airlines fly to the Territory.

37. The construction of a new terminal in the Beef Island Airport (renamed T. B. Lettsome International Airport) was completed in 2002. This terminal is part of a $65 million project. After long delays and a corruption scandal (see paras. 55 and 56), the newly elected National Democratic Party (NDP) Government placed the contract to expand the runway with Logan Holdings Ltd. The $5.5 million project is expected to be completed in April 2004. After the reconstruction, the Territory's international airport will be able to accommodate larger aircraft, in particular the American Airlines/Eagle, which will start flying to the Islands in May 2004. The new control tower is under construction ($3.5 million) and will be functionally operational by March 2004. In addition, the new administrative building and a new sewage treatment plant are near completion.[14]

38. The British company Cable and Wireless provides basic telephone services in the British Virgin Islands. The current contract with the company expires in 2007. Following the Government's decision not to renew its exclusive licence and to negotiate a competitive market, the company is working with the Government in order to find a suitable model for the liberalization of the local telecommunications

industry. According to press reports, Cable and Wireless is upgrading its network with the most technologically advanced systems.

F. Water system, sanitation system and utilities

39. The water supply in the British Virgin Islands is constrained by the problems of insufficient production of fresh water and inadequate storage capacity. The Territory produces 1.3 million gallons of fresh water daily, mostly in desalination plants, but can only store a two-day supply of water. Rainwater cisterns are the primary source of water for 80 per cent of the population; the remainder relies on piped water.

40. According to the administering Power, the Government undertakes considerable efforts to monitor the quality of water. The Water Quality Surveillance Programme monitors basic sanitation in public and private institutions. In 2003, the medical examination and certification of employees of water bottling companies still could not be enforced owing to the lack of legislation. As a matter of fact, there are no regulations in existence to support the activities carried out by environmental health officers under this programme.

41. The Territory has an electricity production capacity of 42 million kilowatt hours and a consumption of 39 million kilowatt hours; production comes entirely from fossil-fuelled generators with an effective generating capacity of 25 megawatts. The rapid economic growth of the British Virgin Islands has strained its electricity grid and additional capacity is required.

V. Social conditions

A. General

42. Public assistance is provided for those who need it through the Social Security Board, a statutory body that falls under the Ministry of Finance. It provides for sickness and maternity benefits, as well as pensions. According to the administering Power, the Social Development Department's budget was increased to $3,119,300 compared to $2,800,415 the previous year. The Department has a number of programmes, which include Elderly and Disability Services, Family and Children Services, Rainbow Children's Home, Social and Legal Aid, and Community Development. Considerable attention is paid to the youth programmes. Thus, during 2003, the National Youth Mentorship programme had a total membership of 69 mentors and 75 mentees. The adult continuing education programme assists school dropouts to complete their high school degrees.

43. According to the administering Power, immigration accounted for almost half of the population growth in the Territory. The previous census indicated that 53 per cent of managers, 65 per cent of professionals and 52 per cent of assistant professionals were immigrants. In total, immigrants constituted 61 per cent of the working labour force. In addition, almost 80 per cent of all nuclear family households contained at least one immigrant; and immigrants accounted for 63 per cent of single heads of household. In 2001, estimated immigration was 176 persons, which constituted 44.8 per cent of the increase of the population.

44. The social security system of the British Virgin Islands is almost 25 years old and rather strong. As of the end of 2003, the Social Security Board accumulated more than $200 million in assets made possible by contributions and prudent investment. The system covers both those who live permanently in the Territory and those who work there on a temporary basis.[15]

B. Labour

45. The labour force of around 12,200 is engaged primarily in tourism (25 per cent), government employment (21 per cent) and construction (10 per cent).

46. According to the administering Power, the 2003 estimated budget for the Labour Department was $763,200. The administering Power also reported that the Territory maintained full employment, with 88.9 per cent of the population 15 years and older being employed. In the labour force, 4,998 (42.6 per cent) were British Virgin Islanders or belongers, and 6,632 (57.4 per cent) were persons from other countries.

47. According to the Economist Intelligence Unit, although the offshore financial sector has generally withstood the international economic downturn and recent regulatory changes, there are indications that employment in this sector is reduced, with the international financial servicing companies laying off their employees.[16]

C. Education

48. Education is free and compulsory in the Territory between the ages of 5 and 11 years; secondary education (from 12 to 16 years) is also free. There are 18 public and 11 private primary schools in the Territory, on Tortola, Anegada, Virgin Gorda and Jost Van Dyke. There are three high schools (one private and two public) and a community college at Road Town. Secondary education is available to the General Certificate of Education "A" Level. Higher education is provided by the University of the West Indies. The H. Lavity Stoutt Community College offers associate degree courses and technical education.

D. Public health

49. The territorial Government is the major provider and financier of health services. The Territory has one public hospital (Peebles Hospital), one health centre at Road Town and a network of eight district clinics, as well as two satellite clinics at Brewers Bay and Sea Cow Bay. Private health care is provided by one private hospital, two private dental surgeries, two private medical complexes and nine private physicians. According to the administering Power, health services are almost entirely financed (95 per cent) from the Consolidated Fund. Recurrent expenditure for community health services was $4,075,100 in 2002 and $4,120,300 in 2003; for hospital services, $10,258,500 in 2002 and $9,830,000 in 2003; and for the Health Department, $14,333,600 in 2002 and $13,973,000 in 2003. However, that excludes local funding for capital projects. A portion of health expenditure is met through cost recovery sources of revenue from the health sector, including in-patient and out-patient fees, dental, x-ray and laboratory fees, and the sale of prescription drugs.

In 2003, recurrent health expenditure as a percentage of total recurrent expenditure fell to 8.23 per cent from 9.14 per cent in 2002.

50. As of November 2002, the project to expand and modernize the Peebles Hospital was still at the negotiation stage. The Government reported to the Legislative Council that the cost of the project would not exceed $80 million, which is expected to be funded by loans and Government funds.[17]

51. According to the administering Power, the Territory suffers from a shortage of skilled local medical personnel and recruits mainly from other Caribbean countries. In 2002, there were 43 doctors (28 in government service and 15 in private practice), 128 registered nurses, 37 nurse assistants and 10 pharmacists. Currently, manpower and training comes from several sources, including the Government's Training Division, other Caribbean countries, the United States, Canada and the United Kingdom. Further training is also offered via the Pan American Health Organization (PAHO) and the World Health Organization (WHO). Government employees also benefit from visiting specialists from PAHO and the University of the West Indies, who provide opportunities for further manpower development. The Training Division, along with other governmental departments, offers in-house training programmes periodically. Scholarships are also offered to civil servants pursuing undergraduate studies and to those who wish to pursue a Master's degree.

52. According to the Caribbean Epidemiology Centre, the Territory has universal vaccination coverage and the Government of the Territory carries out a successful immunization programme. In particular, 95 to 100 per cent of the infant population has been immunized, 90 per cent of adults vaccinated against rubella and 90 per cent of the teenage population against hepatitis B.[18]

E. Crime

53. The Royal Virgin Islands Police Force maintains three stations on Tortola and one each on Virgin Gorda, Anegada and Jost Van Dyke.

54. According to the Acting Police Commissioner, in 2003 criminal activities on the Islands, including theft, burglary and domestic violence, increased by 10 per cent. He attributed this increase to the downturn in the economy. The tourist industry was especially targeted. He also noted that many crimes were related to drug use. In an effort to improve the situation, the Police Force introduced intelligence-led policing in vulnerable areas, developing police community consultative groups and promoting youth and parental education.[19]

55. In 2003 the criminal justice system examined one of the highest profile cases in the Territory's history, namely, the investigation of former government employees, including the Financial Secretary, the Budget Coordinator and the Manager of Telecommunication as well as two local businessmen, charged with obtaining pecuniary advantage by deception, theft and conspiracy to commit theft in connection with the international airport construction project. The charges also included neglect to perform their duties and failing to properly advise the Government on technical, financial and administrative matters pertaining to the cost of the implementation of the project. At the beginning of 2004, the criminal assizes in the High Court ended when four of the five defendants pleaded guilty on most charges, in particular to approving an airport telecommunications contract based on

inflated prices that cost the Government more than $450,000. The accused were sentenced to prison terms of six to nine months. In return for the guilty pleas, the prosecutors withdrew charges of theft and conspiracy to commit theft, which carried jail terms of up to 10 years.

56. The Governor of the British Virgin Islands stated that the defendants' admittance of wrongdoing saved the Government the cost of a long, expensive trial. He also recognized the work of the Attorney General's Chambers and of the Royal Virgin Police Force on the case. The case triggered the proposal to develop legislation on the integrity of public servants.[20]

VI. Environment

57. For information on the environment of the British Virgin Islands, see the working paper for 2003 (A/AC.109/2003/5, paras. 62-64).

VII. Relations with international organizations and entities

A. United Nations system

58. The Territory enjoys associate membership in the International Labour Organization (ILO), the United Nations Educational, Scientific and Cultural Organization (UNESCO) and the Economic Commission for Latin America and the Caribbean (ECLAC). The Territory also receives some funds from the United Nations Development Programme (UNDP) in implementing its country cooperation framework.

B. Regional organizations and entities

59. The Territory is an associate member of CARICOM, whose goal is to promote closer political and economic integration among Caribbean States, and the Organization of Eastern Caribbean States (OECS). Because of its relatively high level of economic development, the Territory is being pressured to become a full member and to open its labour market to OECS workers. It is a borrowing member of the Caribbean Development Bank. It is also a signatory to the Lomé Convention, which provides for some development assistance.

VIII. Future status of the Territory

A. Position of the territorial Government

60. As was reported in the previous year (A/AC.109/2003/5, paras. 68 and 69), the Government of the British Virgin Islands and the Government of the United Kingdom signed in 1998 a "Memorandum of Cooperation and Partnership", stating that the objective of the territorial Government was to achieve economic independence; and that of the administering Power was to remain committed to a policy of assisting its Overseas Territories to attain full independence when and if it was the clearly and constitutionally expressed wish of the people.

61. After attending the Fifth Overseas Territories Consultative Council meeting in London in December 2003, the Chief Minister stated that constitutional reform was high on the agenda of his Government and that he intended to appoint a constitutional review commission, consult with the public and report on the recommendations. He believed that the Territory should have a full cabinet system of Government as the Territory became more politically mature; there should be a gradual shift of powers and responsibilities between the United Kingdom and the local Government. He also noted that participation in the Council made him more aware of the work that needed to be done in order to increase the awareness of the people of the Overseas Territories to the full implications of their current status and to educate them about future options (see A/AC.109/2003/5, paras. 68 and 69).[21]

B. Position of the administering Power

62. In his statement at the 2nd meeting of the Fourth Committee, on 6 October 2003, at the fifty-eighth session of the General Assembly (see A/C.4/58/SR.2), the representative of the United Kingdom said that his Government welcomed the opportunity, as an administering Power, to bring the Committee's attention to a number of significant developments that had taken place during the year. Following the adoption in 2002 of the British Overseas Territories Act, which granted all citizens of those Territories full British citizenship, the right of abode in the United Kingdom and freedom of movement within the European Union, over 14,000 passports had been issued by August 2003. As for environmental management in the Overseas Territories, his Government was working closely with the Territories in order to fulfil the commitments it had entered into under multilateral agreements and to support the efforts of the Territories themselves to protect and improve their environment.

63. With respect to the constitutional reviews, discussions were under way in the Cayman Islands, the Falkland Islands, Gibraltar, Montserrat and the Turks and Caicos Islands. The authorities of Anguilla had set up a committee to canvass views from the population at large and a locally appointed review commission was expected to be established shortly in the British Virgin Islands. Talks with St. Helena had also started and were the furthest advanced, whereas discussions with Gibraltar had yet to commence. In terms of the Committee's specific interests, two years into the United Nations Second International Decade for the Eradication of Colonialism, perhaps the most significant development had been the decolonization seminar which had been held in Anguilla from 20 to 22 May 2003, since it was the first time that the seminar had been held in a British Non-Self-Governing Territory. The choice of venue and the focus of the seminar had meant that several chief ministers and their equivalents, as well as opposition leaders and civil society representatives, had been able to attend. The representative of the United Kingdom said that the seminar had shown the extent to which many of the British Overseas Territories had dynamic and advanced economies, which already benefited from a high degree of self-government.

64. As seen from London, the representative of the United Kingdom said, his Government had the impression that there was no strong desire in its Territories to choose the path of independence, even though his Government had made it clear that it would give every encouragement if they chose to do so, where independence was an option. The key, therefore, as long as the Territories chose to retain their link with

the United Kingdom, would be to try to reconcile their desire for ever-greater autonomy and self-government with the United Kingdom's responsibility to ensure good governance, protect the impartiality of the public service and the independence of the judiciary, and to ensure compliance with relevant international obligations.

65. In his closing remarks during the Overseas Territories Consultative Council meeting held in London from 8 to 10 December 2003, referring to the role of the Governors and constitutional reform, the Parliamentary Under Secretary of State said that it was based on the principle of partnership. According to the Under Secretary, the concept of free association advanced by the United Nations Special Committee of 24 would not be inconsistent with that, if it meant mutual acceptance by both sides, because the United Kingdom Government had responsibilities to protect. But if it meant, as he sensed some territorial Governments were arguing, that some Territories would draw up their own constitutions free of outside interference, the United Kingdom would not agree with that. The Under Secretary went on to add that his Government valued its relationship with the Territories. It would not wish to force them into independence, although it would respond positively, where that would be an option (i.e., not Gibraltar) if that was the clear and constitutionally expressed wish of the people. The United Kingdom respected the fact that for some Territories that might be the long-term objective. He stressed, however, that while the Territories retained a link with the United Kingdom, their governance should be in partnership with it.[22]

C. Consideration by the General Assembly

66. On 9 December 2003, the General Assembly adopted resolutions 58/108 A and B without a vote; section IV of resolution 58/108 B concerns the British Virgin Islands.

Notes

[1] The information contained in the present working paper has been derived from published material and from material provided by the administering Power under Article 73 *e* of the Charter of the United Nations.

[2] *The Island Sun*, 11 October 2002.

[3] BBC Monitoring Americas — Political-3 July 2003.

[4] BBC Monitoring Americas — Political-28 July 2003.

[5] *The Island Sun*,18 July and 2 August 2003.

[6] Ibid., 4 January 2003.

[7] *The Island Sun*, 3 January 2004.

[8] *The Island Sun*, 26 September 2003.

[9] Economist Intelligence Unit, www.eiu.com.

[10] *The Island Sun*, 3 January 2004.

[11] *The Island Sun*, 3 January 2004.

[12] Economist Intelligence Unit, www.eiu.com.

[13] *The Island Sun*, 9 January 2004.

[14] *The Island Sun*, 9 January 2004.

[15] *The Island Sun*, 17 January 2004.

[16] Economist Intelligence Unit, www.eiu.com.

[17] *The Island Sun*, 16 November 2002.

[18] Ibid., 17 August 2002.

[19] *The Island Sun*, 28 January 2004.

[20] Caribbean Insight, vol. 27, No. 3.

[21] *The Island Sun*, 3 January 2004.

[22] The Fifth Overseas Territories Consultative Council, *Report of the Proceedings*, 8-10 December 2003, annex F, Closing Remarks by Mr. Rammell.